

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 EA-06 IO-10 ISO-00 ARA-06 NEA-10

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 FEA-01 PA-01 PRS-01 AGR-05 OPIC-03

OIC-02 /144 W

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R 090544Z JUN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8582

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY OUAGADOUGOU

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

USMISSION USUN NEW YORK

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 6911

E.O. 11652: GDS

TAGS: EGEN, PFOR, PORT, UNGA, ID

SUBJECT: INDONESIAN REACTIONS TO SECRETARY'S

IEA/OECD PROPOSALS

REFS: A. STATE 126216

B. STATE 124719

C. STATE 130463

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D. JAKARTA 6890

E. JAKARTA 6878

1. BEGIN SUMMARY: INDONESIAN POSITION ON SECRETARY'S PROPOSALS (REFS A AND B) NOT YET FORMULATED AND UNLIKELY TAKE DEFINITE SHAPE BEFORE GOI HAS CONSULTED WITH OTHER LDCS. GOI OFFICIALS EXPECT INFORMAL CONSULTATIONS AT GABON OPEC MEETING. OUR RECENT DISCUSSIONS WITH SENIOR OFFICIALS OF THREE MINISTRIES AND KEY MEMBER OF DELEGATION TO OPEC, HOWEVER, INDICATE:

A) GENERALLY POSITIVE REACTION TO US INITIATIVES TOWARD BROADENING DC-LDC DIALOGUE AND RECONVENING PREPARATORY MEETING (PM);

B) GENERAL AGREEMENT WITH US PROPOSAL FOR COMMISSIONS WITH MEMBERSHIP LIMITED ON BASIS OBJECTIVE CRITERIA, BUT EXPECTATION THAT LDCS WILL FEEL BURDEN OF PROOF RESTS ON US TO PERSUADE LDCS THAT ENERGY MATTERS AND ENERGY COMMISSION WILL NOT DOMINATE RECONVENED PM AT EXPENSE OF OTHER SUBJECTS AND COMMISSIONS CONSIDERED MORE VITAL BY LDCS;

C) GOI OFFICIALS ENCOURAGED THAT US SHARES AIM OF IMPROVING MEANS FOR STABILIZATION OF COMMODITY EARNINGS, AND BASICALLY AGREE THAT COMMODITY ARRANGEMENTS SHOULD INCLUDE CONSUMERS AS WELL AS PRODUCERS, BUT THERE IS NO INDICATION GOI WILLING TAKE LEAD/INITIATIVES IN THIS DIRECTION;

D) IN CONSIDERING US PROPOSAL RE FOOD, INDONESIANS LIKELY STRESS NEED FOR INTERNATIONAL ASSISTANCE IN OPENING UP NEW LANDS (I.E. ASSISTANCE TO TRANSMIGRATION EFFORTS).

ON BASIS DISCUSSIONS TO DTE AND PAST RECORD, WE WOULD EXPECT GOI VOICE IN LDC DISCUSSION OF SECRETARY'S PROPOSALS TO BE MODERATELY FAVORABLE BUT QUIET. MEANWHILE, PRESIDENT SUHARTO HAS APPOINTED MINISTERIAL COMMITTEE TO FORMULATE GOI POSITIONS FOR UNGA SPECIAL SESSION (REF D); THIS COMMITTEE LIKELY ALSO TO BE FORUM IN WHICH POSITION ON SECRETARY'S PROPOSALS TAKES SHAPE. END SUMMARY.

2. REF D REPORTS APPOINTMENT JUNE 4 BY PRESIDENT
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SUHARTO OF MINISTERIAL COMMITTEE TO FORMULATE INDONESIAN POSITION ON NEW INTERNATIONAL ECONOMIC ORDER (NIEO), HEADED BY MINISTER OF RESEARCH SUMITRO, INCLUDING MINING MINISTER SADLI, COMMUNICATIONS MINISTER SALIM, AND AGRICULTURE MINISTER THOYIB. CHARGE SENT LETTER WITH SUMMARY OF SECRETARY'S PROPOSALS AND COPIES OF SPEECHES TO THESE FOUR MINISTERS (IN LINE REF C) PLUS FOREIGN MINISTER MALIK, PLANNING MINISTER WIDJOJO, TRADE MINISTER RADIUS PRAWIRO, AND

PERTAMINA DIRECTOR GENERAL IBNU. IN ADDITION, WE HAVE MADE CALLS ON MINISTERS OF TRADE AND MINING, DIRECTOR OF MULTILATERAL ECONOMIC AFFAIRS IN FOREIGN DEPARTMENT AND SENIOR RESEARCH MINISTRY OFFICIAL, AND DIRECTOR OF OIL AND GAS WHO IS KEY MEMBER OF INDONESIAN DELEGATION TO OPEC MEETING ON GABON (REF E). (REQUESTS ARE PENDING FOR CALLS ON MINISTERS OF PLANNING, COMMUNICATIONS, AND RESEARCH.)

3. GOI POSITION ON SECRETARY'S PROPOSALS CLEARLY NOT YET FORMULATED. NEVERTHELESS, OUR DISCUSSIONS REVEALED SYMPATHETIC INTEREST. MINISTERS OF TRADE AND MINES AND FOREIGN AFFAIRS (DEPLU) OFFICIALS WERE GENERALLY FAVORABLE TO RECONVENING PM. ALL WELCOMED BROADENING ITS SCOPE TO AREAS OF CRITICAL CONCERN TO LDCS THROUGH CREATION OF COMMISSIONS WITH MEMBERSHIP LIMITED ON BASIS OF OBJECTIVE CRITERIA. (MINING MINISTER NOTED ALGIERS SOLEMN DECLARATION TAKES SAME APPROACH.) TRADE MINISTER ALSO ESPECIALLY WELCOMED KISSINGER EMPHASIS ON RESTORING STRONG LEVELS OF WORLD ECONOMIC ACTIVITY AS MEANS OF STRENGTHENING COMMODITY PRICES.

4. MINISTER OF MINES SADLI AND HIS DIRECTOR OF OIL AND GAS WIJARSO DID NOT EXPECT GABON MEETING TO GO BEYOND INFORMAL DISCUSSION OF SECRETARY'S PROPOSALS; AND BOTH OFFICIALS, IN SEPARATE DISCUSSIONS, SUGGESTED LDCS WILL FEEL BURDEN OF PROOF IS ON US TO PERSUADE LDCS THAT OIL SUPPLY/PRICE MATTERS WOULD NOT DOMINATE RECONVENED PM AND COMMISSIONS AT EXPENSE OF OTHER SUBJECTS AND COMMISSIONS MORE VITAL TO LDC INTERESTS. SADLI ALSO COMMENTED THAT GOI NOT UNCOMFORTABLE WITH ALGERIAN LEADERSHIP WHICH HAS PROVED ITSELF VERY PRAGMATIC -- ABLE, FOR EXAMPLE, TO ACCOMMODATE ITS DOMESTIC SOCIALISM
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WITH PRACTICAL ARRANGEMENTS WITH MNCS -- AND IMPLIED GOI WILL BE INTERESTED IN ALGERIAN AND OTHER LDC REACTIONS TO US INITIATIVES. WIDJARSO SUGGESTED SILENCE FROM MOST LDCS IS PROBABLY MOST US CAN EXPECT.

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C O N F I D E N T I A L SECTION 2 OF 2 JAKARTA 6911

5. TRADE MINISTER REGISTERED STRONG AGREEMENT WITH PROPOSALS FOR BUILDING UP FOOD RESERVES AND PRODUCTION AND STRESSED IMPORTANCE TO INDONESIA OF INTERNATIONAL ASSISTANCE TO TRANSMIGRATION AS MEANS OF OPENING UP NEW AGRICULTURAL LANDS.

6. IN COMMODITY MATTERS, TRADE AND FOREIGN MINISTRY OFFICIALS STRESSED NEED TO IMPROVE MECHANISMS TO STABILIZE
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EXPORT EARNINGS: BOTH MENTIONED TERMS OF LOME CONVENTION AS HAVING SPECIAL APPEAL TO INDONESIA, PARTICULARLY THE GREATER PARTICIPATION OF CONSUMING NATIONS IN FINANCING EARNINGS STABILIZATION. TRADE AND MINING MINISTERS SAID THEY UNDERSTAND IBRD IS ABOUT TO PROPOSE IMPORTANT

IBRD ROLE IN FINANCING COMMODITY STABILIZATION FUNDS -- AND EXPRESSED HOPE USG WOULD PUSH OBRD FORWARD IN THIS AREA. FOREIGN MINISTRY OFFICIAL, WHILE WELCOMING SECRETARY'S PROPOSALS, HOPED SHIFT IN US POSITION WOULD BE REFLECTED IN PRACTICAL PROGRESS IN US APPROACH IN SPECIFIC COMMODITY AREAS SUCH AS INTERNATIONAL COFFEE AGREEMENT, US PARTICIPATION IN INTERNATIONAL TIN COUNCIL, AND RESUSCITATION OF SUGAR AGREEMENT.

7. MINISTERS OF TRADE AND MINING EXPRESSED BASIC AGREEMENT WITH STRESS US PLACES ON HAVING COMMODITY ARRANGEMENTS INCLUDE CONSUMERS AS WELL AS PRODUCERS. MINING MINISTER, HOWEVER, AFTER MILD CRITICISM OF CONSUMERS' PASSIVE ROLE IN INTERNATIONAL TIN COUNCIL, REVEALED GOI DECISION (IN CONNECTION WITH RECENT VISIT BY ZAMBIAN MINISTER OF MINES) TO JOIN INTER-GOVERNMENTAL COPPER CONSULTATION GROUP. WHILE GOI URGING OTHER EA COUNTRIES (PAPUA NEW GUINEA, PHILIPPINES AND AUSTRALIA) TO JOIN GROUP, THERE ARE NO CONDITIONS RE OR PLANS FOR URGING CONSUMER REPRESENTATION IN GROUP. SADLI ALSO NOTED GOI THINKING RE ASSOCIATING CONSUMERS WITH ASSOCIATION OF NATURAL RUBBER PRODUCERS GOES NO FURTHER AT THIS POINT THAN SUGGESTING CONSUMERS ATTEND ANNUAL MEETING ON OBSERVER CAPACITY.

8. COMMENT: INDONESIA PARTICIPATES MORE AS LISTENER THAN LEADER IN MOST INTERNATIONAL MEETINGS (UNLESS DIRECT AND IMPORTANT NATIONAL INTEREST AT STAKE). MOREOVER, TO MAINTAIN ITS NON-ALIGNED CREDENTIAL, IT USUALLY AVOIDS OPPOSING POSITIONS OF THIRD WORLD LEADERS SUCH AS ALGERIA, BUT EXERCISES MODERATING INFLUENCE WHEN OPPORTUNITIES PRESENT. WE BELIEVE INDONESIAN POSTURE TOWARD SECRETARY'S PROPOSALS LIKELY TO BE DOMINATED BY THESE SAME HABITS.
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